

**GOVERNMENT FINANCE OFFICERS ASSOCIATION**  
**CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN**  
**FINANCIAL REPORTING**

**PENSION AND OTHER POSTEMPLOYMENT BENEFIT SYSTEM**  
**CASH AND INVESTMENT POOLS**  
**PREPARER CHECKLIST**

This checklist is intended for comprehensive annual financial reports (CAFRs) prepared by pension and other postemployment benefit systems (system) and by cash and investment pools (pool). It is available in electronic form at GFOA's website ([www.gfoa.org](http://www.gfoa.org)) under the heading *Award Programs* in the *Certificate of Achievement for Excellence in Financial Reporting* section.

**ADDITIONAL MATERIAL RELATED TO RECENT GASB PRONOUNCEMENTS**

The checklist covers all Governmental Accounting Standards Board (GASB) pronouncements that have been issued as final documents through GASB Statement No. 66, *Technical Corrections – 2012, an amendment of GASB Statements No. 10 and No. 62*.

The checklist is designed to provide comprehensive guidance for financial statement preparers. The use of this checklist, however, does not guarantee that a given CAFR will be awarded the Certificate of Achievement for Excellence in Financial Reporting.

This particular checklist combines two different sets of elements:

- *Questions from the general-purpose government checklist relevant to a system or pool.* One important reason that a separate checklist is needed is that many of the questions on the general-purpose government checklist are not relevant to most systems and pools. Accordingly, this checklist includes only those items from the general-purpose government checklist that are relevant to a postemployment benefit system or pool. For administrative purposes, the same numbering is retained in both checklists for identical items. Accordingly, breaks in the numerical sequence of the items presented in this checklist simply reflect the omission of items deemed less relevant to a system or pool.
- *Questions unique to a system or pool.* A second reason that a separate system checklist is needed is to provide additional questions to address unique aspects of a system's or pool's reporting (e.g., the investment section). These items are distinguished from those drawn from the general-purpose government checklist by the presence of the letter "P" immediately preceding the number of the item and by the use of shading. Sections of the checklist that are only applicable to systems (e.g., the actuarial section) are identified as such directly under the heading for the section. Questions and italicized comments that ask whether a "system (pool)" has met specific requirements are applicable to both types of entities. Also, questions that include a reference to the "system (pool)" are applicable to both entities. If a question or italicized comment asks only about a "system," it is not applicable to a pool. Conversely, if a question or italicized comment asks only about a "pool," it is not applicable to a system.

Indentation indicates that a given question is dependent upon a positive response to the preceding question. Accordingly, preparers need not consider the indented questions if the answer to the lead-in question is not positive.

Compliance with certain requirements of generally accepted accounting principles (GAAP) cannot be determined simply by examining a financial report. Questions about such items have been omitted from this checklist, except in those cases where answers to questions in Section IV of the Certificate Program Application Form provide the background needed to respond meaningfully. A plus sign (+) indicates those specific questions for which needed information should be available on the application form. Questions without references are based upon formal program policies established by the Special Review Executive Committee, which oversees the operations of the Certificate of Achievement for Excellence in Financial Reporting Program. Additionally, information has been provided in the form of *italicized* comments for GAAP requirements not addressed in the questions. If this guidance is applicable, it must be implemented.

An asterisk (\*) designates specific items that of themselves may disqualify a CAFR from being awarded the Certificate of Achievement for Excellence in Financial Reporting. Other items also may disqualify a report from receiving the Certificate. Clarification of certain items can be found in an explanation that immediately follows the related checklist question or italicized comment.

This checklist is designed exclusively for systems comprising one or more pension (and other employee benefit) trust funds or agency funds for OPEB plans without a trust and for pools with one or more investment trust funds. Systems with more complicated fund structures should use the general-purpose government checklist along with the shaded items from this checklist. It is presumed, for simplicity's sake, that systems or pools do not have component units, capital assets, or long-term liabilities. If a system or pool does, in fact, have one or more component units, capital assets, or long-term liabilities, it should refer to the relevant questions in the general-purpose government checklist.

The CAFR will be graded on the following categories, when applicable to the system or pool:

- Cover, table of contents, and formatting
- Introductory section
- Report of the independent auditor
- Management's discussion and analysis (MD&A)
- Basic financial statements (preliminary considerations)
- Statement of plan (pool) net position
- Statement of changes in plan (pool) net position
- Summary of significant accounting policies (SSAP)
- Note disclosure (other than the SSAP)
- Pension and other postemployment benefit-related note disclosures (postemployment benefit system only)
- Required supplementary information (RSI) (postemployment benefit system only)
- Supplementary information
- Investment section
- Actuarial section (postemployment benefit system only)
- Statistical section
- Other considerations

Abbreviations Used in this Checklist

<i>Audits of State and Local Governments</i>	-	<i>Audits of State and Local Governments</i> , American Institute of Certified Public Accountants, March 1 2012
2012 GAAFR	-	<i>Governmental Accounting, Auditing, and Financial Reporting</i> , GFOA 2012
GASB - I	-	GASB Interpretation
GASB - S	-	GASB Statement
GASB - TB	-	GASB Technical Bulletin
Q&A	-	2012-2013 <i>Comprehensive Implementation Guide</i> - GASB
NCGA - I	-	National Council on Governmental Accounting Interpretation
NCGA - S	-	National Council on Governmental Accounting Statement

All references listed above, except those for “2012 GAAFR,” “Q&A,” and *Audits of State and Local Governments*, are followed by the number of the pronouncement, if applicable, and the specific paragraph(s), footnote(s), or appendix (appendices) within the publication that is being referenced. The references to “2012 GAAFR” are to pages in that publication. For “Q&A,” the references are to the applicable chapters and questions in that publication. For *Audits of State and Local Governments*, the references are to the chapters and specific paragraphs.

Yes No N/A

## ***COVER, TABLE OF CONTENTS, AND FORMATTING***

- \_\_\_\_\_ 1.1 Does the report cover describe the document as a *comprehensive annual financial report*? [2012 GAAFR, page 591]
- \_\_\_\_\_ 1.2 Does the report cover include the name of the system (pool)? [2012 GAAFR, page 591]
- \_\_\_\_\_ 1.3 Does the report cover include some indication of the state in which the system (pool) is located? [2012 GAAFR, page 591]
- \_\_\_\_\_ 1.4 Does the report cover indicate the fiscal period covered? [2012 GAAFR, page 591]

Explanation: The description of the fiscal year should include the exact date on which the fiscal year ended (e.g., “for the fiscal year ended June 30, 2012”).

- \_\_\_\_\_ P1.1 **If the system (pool) is a trust fund, internal investment pool, or component unit of another government, does the report cover indicate that fact (e.g., “a pension trust fund of the City of X” or “an investment trust fund of the State of Y”)?**
- \_\_\_\_\_ 1.5 Is there a title page? [2012 GAAFR, page 591] If so:
- \_\_\_\_\_ 1.5a Does it describe the document as a *comprehensive annual financial report*? [2012 GAAFR, page 591]
- \_\_\_\_\_ 1.5b Does it indicate the fiscal period covered? [2012 GAAFR, page 591]
- \_\_\_\_\_ 1.5c Does it include the name of either the individual or the department responsible for preparing the report? [2012 GAAFR, page 591]

Explanation: The name of the individual or department is sufficient. It is not necessary to actually state that the report was prepared by the individual or department responsible.

- \_\_\_\_\_ 1.5d Does the title page include some indication of the state in which the system (pool) is located? [2012 GAAFR, page 591]
- \_\_\_\_\_ P1.2 **If the system (pool) is a trust fund, an internal investment pool, or component unit of another government, does the title page indicate that fact (e.g., “a pension trust fund of the City of X” or “an investment trust fund of the State of Y”)?**
- \_\_\_\_\_ 1.6\* Is a table of contents included that encompasses the entire report? [NCGA-S1: 139; 2012 GAAFR, page 591] If so:
- \_\_\_\_\_ 1.6a Does it clearly segregate each of the five basic sections of the report (i.e., introductory section, financial section, investment section, actuarial section – systems only, and statistical section)? [2012 GAAFR, page 591]
- \_\_\_\_\_ 1.6b\* Does it present the introductory section and the financial section as the first and second sections, respectively, and the statistical section as the last of the required sections of the report?

Explanation: It is Certificate Program policy that the introductory and financial sections be presented as the first and second sections and the statistical section be presented as the last of the required sections of the CAFR.

- \_\_\_\_\_ 1.6c Does it clearly distinguish the basic financial statements (including the notes) from RSI and the other contents of the financial section? [2012 GAAFR, page 591]

Yes	No	N/A		
_____	_____	_____	1.6d	Does it identify each statement and schedule by its full title? [2012 GAAFR, page 591]
_____	_____	_____	1.6e	Does it include a page number reference for each item? [2012 GAAFR, page 591]

Explanation: All items on the table of contents should be accompanied by a page number. Exhibit numbers, while permitted, are not a substitute for page numbers.

_____	_____	_____	P1.3*	Does the CAFR contain only one introductory, financial, investment, actuarial (if applicable), and statistical section?
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Explanation: A system managing several different plans should refrain from reporting a series of separate, sequential reports. Likewise, a pool managing more than one cash and investment pool should refrain from reporting a series of separate, sequential reports.

_____	_____	_____	1.7	If a statement or schedule occupies more than a single pair of facing pages, does the statement or schedule alert readers to this fact by including the word “continued” on the first pair of facing pages, as well as on each subsequent pair of facing pages?
_____	_____	_____	1.8	Does each page have a page number?
_____	_____	_____	1.9	Are text and numbers throughout the report easily readable?
_____	_____	_____	1.10	Has the system (pool) refrained from reporting cents?
_____	_____	_____	1.11	If numbers are rounded to the nearest thousand or million, is this fact clearly indicated?

## ***INTRODUCTORY SECTION***

### **GENERAL CONSIDERATIONS**

_____	_____	_____	2.1	If the system (pool) received the Certificate of Achievement for Excellence in Financial Reporting in the immediately preceding fiscal year, is a copy of that award included somewhere within the introductory section? [2012 GAAFR, page 594]
_____	_____	_____	2.2	Are the principal officials of the system (pool) listed somewhere within the introductory section, including members of the administrative board and key members of the administrative staff? [2012 GAAFR, page 594]

Explanation: For this purpose, the individuals listed may be those in place during the fiscal year, those in place at the time the report is issued, or some combination of both.

_____	_____	_____	2.3	Is an organization chart or other discussion of the administrative organization included somewhere within the introductory section? [2012 GAAFR, page 594]
_____	_____	_____	P2.1	Does the organization chart (or other discussion of the administrative organization) inform readers of the specific location within the investment section of the Schedule of Fees and Commissions? [2012 GAAFR page 659]
_____	_____	_____	P2.2	Is a list of professional consultants (other than financial advisors/investment professionals) included within the introductory section? [2012 GAAFR page 659]

### **LETTER OF TRANSMITTAL**

_____	_____	_____	2.4*	Is a letter of transmittal included within the introductory section? [NCGA-S1: 139; 2012 GAAFR, page 591] If so:
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Yes No N/A

\_\_\_\_\_ 2.4a Is it presented on the letterhead stationery of the system (pool)? [2012 GAAFR, page 592]

\_\_\_\_\_ 2.4b Is it dated on or after the date of the independent auditor's report? [2012 GAAFR, page 592]

\_\_\_\_\_ 2.4c Is it signed by at least the chief financial officer? [2012 GAAFR, page 592]

Explanation: If the chief financial officer at the time the letter of transmittal is issued is different than the chief financial officer at the end of the fiscal period, either individual may sign the letter.

\_\_\_\_\_ 2.4d Does it state that management is responsible for the contents of the report? [2012 GAAFR, page 592]

\_\_\_\_\_ 2.4e Does it include background information on the system (pool)? [2012 GAAFR, page 593]

Explanation: The background information for a pool should include the following: 1) a discussion of the pool's history, 2) a discussion of the pool's participants, 3) the services provided by the pool, and 4) a description of the pool.

\_\_\_\_\_ 2.4g Does it contain acknowledgements? [2012 GAAFR, page 594]

*If the system (pool) received the Certificate of Achievement for Excellence in Financial Reporting or some other award, the system (pool) may mention such awards in the letter of transmittal. [2012 GAAFR, page 594]*

\_\_\_\_\_ 2.4h Does the letter of transmittal direct readers to MD&A? [2012 GAAFR, page 592]

\_\_\_\_\_ 2.4i Has the system (pool) refrained from duplicating information contained in MD&A or in the notes to the financial statements? [GASB-S34: 8, note 7; Q&A 7.5.2; 2012 GAAFR, page 591-2]

Explanation: The *GAAFR* suggests three means of avoiding unnecessary duplication: 1) briefly identifying a topic and explaining its potential interest to financial statement users in the letter of transmittal, 2) referring readers of the letter of transmittal to the notes and MD&A for any information on the topic already provided there, and 3) limiting the discussion in the letter of transmittal to the more subjective aspects of a given topic.

\_\_\_\_\_ P2.3 Does the letter of transmittal discuss major initiatives involving investments, benefits, or administration? [2012 GAAFR page 659]

\_\_\_\_\_ P2.4 Does it discuss funding status and progress toward achieving funding goals? [2012 GAAFR page 659]

Explanation: The discussion in the letter of transmittal ought to communicate the information in less technical terms than in the other sections of the CAFR.

\_\_\_\_\_ P2.5 Does it include financial information for investment activities that includes investment policies and strategies, safeguards on investments, and yield information? [2012 GAAFR page 659]

Explanation: The letter of transmittal for a **pool** should include 1) the **pool's** current and future goals and objectives, 2) a statement referring to the reliability of the **pool's** investment section, and 3) the basis used to present data in the **pool's** investment section.

## ***FINANCIAL SECTION – REPORT OF THE INDEPENDENT AUDITOR***

Yes No N/A

- |       |       |       |      |   |
|-------|-------|-------|------|---|
| _____ | _____ | _____ | 3.1* | Are the basic financial statements accompanied by the report of the independent auditor? [2012 GAAFR, page 594]   |
| _____ | _____ | _____ | 3.2  | Is the report of the independent auditor presented as the first item in the financial section of the report? [2012 GAAFR, page 594]   |
| _____ | _____ | _____ | 3.3  | Did the independent auditor conduct the audit in conformity with either generally accepted auditing standards or generally accepted government auditing standards (i.e., <i>Government Auditing Standards</i> )? [2012 GAAFR, page 601] |
| _____ | _____ | _____ | 3.4  | Did the independent auditor express an opinion on the fair presentation of the basic financial statements in conformity with GAAP?  |
| _____ | _____ | _____ | 3.5* | Did the independent auditor express an <i>unqualified</i> opinion on the fair presentation of the basic financial statements? [2012 GAAFR, page 601]  |

Explanation: The independent auditor's opinion is considered to be *unqualified* unless the auditor 1) offers an adverse opinion, 2) offers a qualified opinion (i.e., fairly presented *except for...*), or 3) disclaims an opinion on all or a portion of the basic financial statements.

- |       |       |       |     |   |
|-------|-------|-------|-----|---|
| _____ | _____ | _____ | 3.7 | Did the independent auditor refrain from indicating that RSI is either absent or otherwise potentially inadequate? [2012 GAAFR, page 595] |
| _____ | _____ | _____ | 3.8 | Did the independent auditor sign and date the report?   |

## ***FINANCIAL SECTION – MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)***

- |       |       |       |       |   |
|-------|-------|-------|-------|---|
| _____ | _____ | _____ | 4.1*  | Is MD&A presented? [GASB-S34: 68; 2012 GAAFR, page 567] If so:  |
| _____ | _____ | _____ | 4.1a* | Is MD&A presented preceding the basic financial statements? [GASB-S34: 8; Q&A 7.5.1; 2012 GAAFR, page 567]                        |
| _____ | _____ | _____ | 4.1c  | Does MD&A provide condensed financial data extracted from the basic financial statements? [GASB-S34: 11b; 2012 GAAFR, page 568-9] |

Explanation: The condensed data should include:

- Total assets
- Total liabilities
- Total net position
- Additions (by major source)
- Total additions
- Deductions (by type)
- Total deductions
- Changes in net position
- Ending net position

- |       |       |       |       |   |
|-------|-------|-------|-------|---|
| _____ | _____ | _____ | 4.1d* | Does MD&A present condensed financial data for both the current fiscal period and the preceding fiscal period? [GASB-S34: 11b; 2012 GAAFR, page 568]  |
| _____ | _____ | _____ | P4.1  | If comparative financial statements are presented, does MD&A provide condensed financial data for three years (i.e., the current year, the previous year, and the year preceding the previous year)? [2012 GAAFR, page 569] |

Explanation: The requirement to present data for three years is applicable only if the system (pool) presents complete financial statements for two years, *not merely comparative data on the face of the basic financial statements*.

Yes No N/A

\_\_\_\_\_ 4.1e Does MD&A provide an overall analysis of the financial position and results of operations of the system (pool)? [GASB-S34: 11c; 2012 GAAFR, page 569]

Explanation: *Analysis*, properly speaking, should focus on the *reasons for changes* rather than just their sizes.

\_\_\_\_\_ 4.1e1 Does it specifically address whether the overall financial position of the system (pool) has improved or deteriorated? [GASB-S34: 11c; 2012 GAAFR, page 569]

Explanation: It is not necessary for the discussion to use the words “improved” or “deteriorated.” A statement that [net position has increased or decreased is sufficient.

*If economic factors significantly affected the operating results of the current period, they should be discussed as part of this analysis.* [GASB-S34: 11c; 2012 GAAFR, page 569]

*The system (pool) should disclose any other “currently known facts, conditions, or decisions” that are expected to have a significant effect on financial position (net position) or results of operations (additions, deductions, and other changes in net position).* [GASB-S34: 11h; 2012 GAAFR, page 569]

Explanation: “*Currently known facts, conditions, or decisions*” are those known by management as of the date of the independent auditor’s report. The emphasis is on things that have actually happened rather than on things that might happen.

\_\_\_\_\_ 4.1j Do the amounts reported in MD&A agree with related amounts in the basic financial statements?

\_\_\_\_\_ 4.1k Has the system (pool) refrained from addressing in MD&A topics not specifically prescribed by SGAS 34? [GASB-S37: 4-5; 2012 GAAFR, page 568]

Explanation: A system (pool) may address in the MD&A only those topics specifically identified in SGAS 34, paragraph 11. These topics are summarized in questions 4.1c - 4.1e1 of this checklist. A system (pool) is free, however, to provide whatever level of detail they believe appropriate in addressing these particular topics.

## ***FINANCIAL SECTION – BASIC FINANCIAL STATEMENTS***

### **PRELIMINARY CONSIDERATIONS**

\_\_\_\_\_ 5.1\* Is a full set of basic financial statements presented (i.e., both a statement of plan (pool) net position and a statement of changes in plan (pool) net position)? [GASB-S34: 106; GASB-S43: 17; 2012 GAAFR, page 262-3]

\_\_\_\_\_ 5.3 Are the basic financial statements referred to by their appropriate titles? [2012 GAAFR, page 591286]

\_\_\_\_\_ 5.4 Are the basic financial statements grouped together at the front of the financial section of the report? [2012 GAAFR, page 596]

\_\_\_\_\_ 5.5 Does each basic financial statement include a reference to the notes? [2012 GAAFR, page 596]

\_\_\_\_\_ 5.7\* Has the system (pool) refrained from making direct adjustments to *net position* except in those situations specifically contemplated by GAAP? [*Audits of State and Local Governments* 10.03; 2012 GAAFR, pages 115-6]

Yes No N/A

Explanation: The statement of changes in plan (pool) net position must be presented using an *all-inclusive format*. That is, all changes to *net position* normally should be reported as *either additions or deductions* rather than as direct adjustments to *net position*. Two exceptions to this general rule are prior-period adjustments and changes in accounting principle.

\_\_\_\_\_ 5.8\* Do the financial statements articulate (i.e., tie)?

\_\_\_\_\_ 5.10 Does the plan (pool) report derivative instruments on the statement of plan (pool) net position as assets or liabilities, as appropriate, at their fair value? [GASB-S53: 19]

Explanation: Fair value reporting is required except for fully benefit-responsive Synthetic Guaranteed Investment Contracts (SGIC). In these cases the underlying investments and the wrap contract should be reported at contract value. [GASB-S53: 67]

\_\_\_\_\_ 5.11 Does the plan (pool) report the changes in fair values of investment derivative instruments, including derivative instruments that are determined to be ineffective, within the investment revenue classification on the flow of resources statement? [GASB-S53: 20]

*Both an asset and a liability should be reported for securities lending arrangements collateralized with cash (or collateralized with securities that may be pledged or sold without a default).* [GASB-S28: 6; 2012 GAAFR, page 542]

Explanation: Securities lent (i.e., underlying securities) should continue to be reported as assets on the lender's statement of plan (pool) net position. Cash received as collateral on securities lending should also be reported as an asset, with a corresponding liability. Securities received as collateral should be reported as assets, with corresponding liabilities, only if the entity has the ability to pledge or sell the securities without a borrower default. Letters of credit and securities that the entity cannot sell or pledge unless the borrower defaults should not be reported as assets.

*Both an asset and a liability should be reported for reverse repurchase agreements, except for those of the yield-maintenance variety.* [GASB-S3: 81; 2012 GAAFR, page 542]

\_\_\_\_\_ P7.1\* If the system administers more than one benefit plan, does it either 1) present a separate column for each plan administered in both of the basic financial statements or 2) present combining statements for those plans as part of the basic financial statements? [GASB-S34: 140; GASB-S43: 13; Q&A 8.71.3; 2012 GAAFR, page 643]

Explanation: This requirement does *not* apply to individual plans within an agent multiple-employer benefit plan.

\_\_\_\_\_ P7.2 Has the system refrained from reporting healthcare benefits for retirees in the same fund as pension benefits? [Q&A 8.71.3, 8.71.4, and 8.71.5]

Explanation: Even if the participants make a single contribution to the plan and the plan's ability to provide healthcare benefits is conditioned on its ability to maintain sound funding of the pension benefits, the system should separately report the defined benefit pension plan and the OPEB plan.

If a defined benefit pension plan administers a postemployment healthcare plan that is funded by "excess investment earnings" (investment earnings for a particular year in excess of the long-term investment earnings assumption used for actuarial valuation purposes), the system should report the arrangement described as two plans—a defined benefit pension plan and a postemployment healthcare (OPEB) plan.

\_\_\_\_\_ P7.3\* In the case of a multiple-employer OPEB plan where the assets are not held in trust or an equivalent arrangement, has the system reported the OPEB plan in an agency fund? [GASB-S43: 41; Q&A 8.69.2; 2012 GAAFR, page 255]

Explanation: In this case, the assets of the OPEB plan should be reported in an agency fund as they still belong to the participating employers. Accordingly, plan assets in excess of related liabilities are reported as liabilities to the employers rather than as net position of the plan, consistent with the fact that agency funds do not report equity. Such plans should also include abbreviated disclosures for the plan description, a summary of significant accounting policies, and contributions.

Yes No N/A

Additionally, the plans should disclose that each participating employer must disclose information about its funding policy, annual OPEB cost and contributions made, the funded status and funding progress of the employer’s individual plan, and the actuarial methods and assumptions used.

**[SECTIONS 8 AND 9 HAVE BEEN OMITTED FROM THIS CHECKLIST]**

**STATEMENT OF PLAN (POOL) NET POSITION**

- \_\_\_\_\_ 10.6 Are assets reported by major category? [2012 GAAFR, page 262]
- \_\_\_\_\_ 10.6a Are the principal subdivisions of receivables and investments of postemployment benefit plans reported? [GASB-S25: 21; GASB-S43: 19; 2012 GAAFR, page 262-3]
  - The plan should refrain from reporting allocated insurance contracts as plan assets. [GASB-S25: 24; GASB-S43: 22; 2012 GAAFR, pages 644-5]*
  - The plan should refrain from including benefits payable from allocated insurance contracts (for which payments to the insurance company have been made) as plan liabilities. [GASB-S25: 26; GASB-S43: 24; 2012 GAAFR, pages 644-5]*
- \_\_\_\_\_ P10.1\* Are investments reported at fair value, except as otherwise permitted by GAAP? [GASB-S25: 24; GASB-S31: 16; GASB-S43: 23; 2012 GAAFR, page 644]
- \_\_\_\_\_ 10.7 Is the difference between assets and liabilities reported as *net position*? [GASB-S34: 108; 2012 GAAFR, page 262-3]

Explanation: GASB Concepts Statement No. 4 established deferred outflows of resources and deferred inflows of resources as financial statement elements. When present, the items related to each element are reported in a separate section on the statement of net position. Only items identified by the GASB in authoritative pronouncements can be reported in these categories. Normally, the items that the GASB has identified as appropriately reported in these categories are not present in a system (pool). Accordingly, net position is normally the difference between the assets and liabilities of a fund. However, if a fund does appropriately report any items in these categories, net position would be the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. [GASB-S53: 20; GASB-S60: 9 and 12; GASB-S63: 7; GASB-S65; 5-31]

- \_\_\_\_\_ 10.7a If a pension plan is reported, are appropriate amounts identified as *net position held in trust for pension benefits*? [GASB-S25: 27; 2012 GAAFR, page 263]
- \_\_\_\_\_ 10.7b If an OPEB plan is reported, are appropriate amounts identified as *net position held in trust for OPEB benefits*? [GASB-S43: 25; 2005 GAAFR, page 348]
- \_\_\_\_\_ P10.2 For pools, is a line item reported for *net position held in trust for pool participants*? [GASB-S31: 18; 2012 GAAFR, page 263]
- \_\_\_\_\_ 10.8 Do assets equal liabilities in agency funds? [GASB-S34: 110; 2012 GAAFR, page 263]
- \_\_\_\_\_ 10.9 Has the system refrained from reporting the actuarial accrued liability? [GASB-S25: 19a; 2012 GAAFR, page 263]

**STATEMENT OF CHANGES IN PLAN (POOL) NET POSITION**

- \_\_\_\_\_ 10.10 Is the statement segregated into two sections: *additions* and *deductions*? [GASB-S34: 109; GASB-S43: 26; 2012 GAAFR, page 264]

Yes No N/A

Explanation: The categories *additions* and *deductions* are significantly broader than *revenues* and *expenses*. While some *additions* may properly be categorized as *revenues* and some *deductions* as *expenses*, others may not. Accordingly, financial statement preparers are advised to avoid the use of the terms *revenues* and *expenses* as much as possible in conjunction with the statement of changes in plan (pool) net position.

\_\_\_\_\_ 10.11 For a system, are additions classified into the following four categories, as appropriate: *employer contributions, plan member contributions, other contributions, and net investment income*? [GASB-S25: 29; GASB-S43: 27; GASB-TB2006-1; 10; 2012 GAAFR, pages 264 and 645-6]

Explanation: The plan should display on-behalf payments from the federal government under the provisions of Medicare Part D separately from the employer and plan member contributions.

\_\_\_\_\_ 10.11a Does the system (pool) report investment-related expense as a separate line item that reduces investment income (instead of as a deduction)? [GASB-S25: 29d; GASB-S43: 27d; 2012 GAAFR, pages 645-6]

*Additions and deductions related to securities lending transactions agreements should be reported at gross, rather than net, amounts.* [GASB-S28: 8; GASB-S3: 82; 2012 GAAFR, page 542]

*Additions and deductions related to reverse repurchase agreements should be reported at gross, rather than net, amounts.* [GASB-S28: 8; GASB-S3: 82; 2012 GAAFR, page 541]

\_\_\_\_\_ 10.12 Has the system refrained from reporting realized investment gains or losses separately from unrealized investment gains and losses? [GASB-S31: 13; 2012 GAAFR, page 352]

Explanation: Pools may display realized and unrealized gains and losses on the face of the statement of changes in fiduciary net position. Postemployment benefit systems may only disclose realized and unrealized gains and losses in the notes to the financial statements.

\_\_\_\_\_ 10.13 For a system, does the deductions section include separate amounts for 1) benefits and refunds paid to plan members and beneficiaries and 2) total administrative expenses? [GASB-S25: 30; GASB-S43: 28; 2012 GAAFR, page 645]

\_\_\_\_\_ 10.14 Has the system (pool) refrained from including agency funds? [GASB-S34: 110; 2012 GAAFR, pages 263-46]

\_\_\_\_\_ P10.3 **Has the system refrained from reporting its administrative expenses in a separate fund?** [GASB-S25: 2]

Explanation: Since the focus of SGAS 25 is on individual pension plans, all administrative expenses related to a plan should be reported in the same pension (and other employee benefit) trust fund that reports the plan. Administrative expenses may be allocated to individual pension plans in any systematic and rational manner that is consistently applied over time.

## ***FINANCIAL SECTION – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (SSAP)***

\_\_\_\_\_ 11.1\* Does the system (pool) present a SSAP either as the first of the notes to the financial statements or as a separate item immediately preceding the notes? [NCGA-S1: 158; 2012 GAAFR, pages 323 and 346]

*Among other matters, the SSAP should address any of the following situations: 1) the selection of an accounting treatment when GAAP permit more than one approach, 2)*

Yes No N/A

accounting practices unique to systems (pools) and the public sector, and 3) unusual or innovative applications of GAAP. [GASB-S62: 93; 2012 GAAFR, pages 323-4]

\_\_\_\_\_

11.4+ If the system (pool) itself is a component unit, does the SSAP identify the primary government and describe the nature of the relationship? [GASB-S14: 65; 2012 GAAFR, pages 324-5]

\_\_\_\_\_

P11.1 If the system reports one or more defined benefit plans, does the SSAP disclose the basis of accounting for the plan(s) (e.g., timing of contribution recognition, benefits, refunds)? [GASB-S25: 32; GASB-S43: 30b(1); 2012 GAAFR, pages 646-7]

\_\_\_\_\_

11.13 Does the SSAP indicate how investments are valued? [GASB-S62: 93; 2012 GAAFR, page 331]

\_\_\_\_\_

P11.2 If the pool itself is a purely internal investment pool (i.e., includes amounts only for the related primary government’s financial reporting entity), does the SSAP describe how the governing body has legally defined the pool?

\_\_\_\_\_

P11.3 Does the SSAP disclose the method used to determine the fair value of investments? [GASB-S25: 32 and 41; GASB-S31: 15; GASB-S43: 30b(2); 2012 GAAFR, page 647]

\_\_\_\_\_

P11.4 If the fair value is based on other than quoted market prices, has the system (pool) disclosed the methods and significant assumptions used to estimate the fair value of investments? [GASB-S25: 32 and 41; GASB-S31: 15; GASB-S43: 30b(2) and 42; GASB-S50: 5; 2012 GAAFR, page 647]

*If the system (pool) takes advantage of the option to report certain investments at amortized cost rather than at fair value, the SSAP should indicate the specific types of investments so valued. [2012 GAAFR, page 334]*

*If the system (pool) must estimate the fair value of its position in a governmental external investment pool, the SSAP should disclose both the methods and significant assumptions used for making the estimate and the reason an estimate was needed. [GASB-S31: 15e; 2012 GAAFR, page 352]*

\_\_\_\_\_

P11.5 Does the SSAP of a pool include the note disclosures required in the separate report of a pool? [GASB-S31: 17; 2012 GAAFR, pages 696]

Explanation: These disclosures include 1) a brief description of any regulatory oversight (including whether the pool is registered with the SEC as an investment company); 2) the frequency of determining the fair value of investments; 3) the method used to determine participants’ shares sold and redeemed and whether that method differs from the method used to report investments; 4) whether the pool provides or has obtained any legally binding guarantees of share values; 5) the extent of involuntary participation, if any, in the pool; 6) a summary of fair value, carrying amount (if different), number of shares and principal amount, ranges of interest rates, and maturity dates of each major investment classification; and 7) the accounting policy for determining those components income (e.g., interest, dividends, net increase or decrease in fair value) if the pool separately displays the different components of investment on the statement of changes in net position.

## ***FINANCIAL SECTION – NOTE DISCLOSURES (OTHER THAN THE SSAP)***

\_\_\_\_\_

12.2 Do the notes disclose the legal and contractual provisions governing cash deposits with financial institutions? [GASB-S3: 65-66; 2012 GAAFR, page 350]

*The notes should disclose material violations of these provisions. [GASB-S3: 66; 2012 GAAFR, page 350]*

Yes No N/A

*If the system (pool) is exposed to custodial credit risk for its deposits at year end because they are uninsured and 1) uncollateralized, 2) collateralized with securities held by the pledging financial institution, or 3) collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-system's (pool's) name, the notes should disclose the amount of the bank balances exposed to custodial credit risk, indicate that they are uninsured, and explain how they are exposed to custodial credit risk. [GASB-S40: 8; 2012 GAAFR, page 350]*

Explanation: GAAP formerly required that the bank balance of deposits with financial institutions be categorized into three categories of custodial credit risk. SGAS 40 now requires that only the amount (if any) of uninsured deposits that are either 1) uncollateralized, 2) collateralized with securities held by the pledging financial institution, or 3) collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-system's (pool's) name, be disclosed.

\_\_\_\_\_ 12.3 Do the notes disclose the system's (pool's) policy for custodial credit risk associated with deposits or indicate that it does not have such a policy? [GASB-S40: 6; 2012 GAAFR, page 350]

*When a system's (pool's) deposits are exposed to foreign currency risk, the notes should disclose the system's (pool's) policy related to foreign currency risk or indicate there is no applicable policy. [GASB-S40: 6; 2012 GAAFR, page 351]*

*Losses on deposits and subsequent recoveries should be disclosed if not visible in the financial statements themselves. [GASB-S3: 75; 2012 GAAFR, page 350]*

*If the system participates in an external investment pool and the pool is not registered with the Securities and Exchange Commission, the notes should disclose the nature of any regulatory oversight of the pool and state whether the fair value of its position in the pool is the same as the value of the pool shares. [GASB-S31: 15c; 2012 GAAFR, page 352]*

\_\_\_\_\_ 12.4 If the system (pool) has elected to separately disclose realized and unrealized gains and losses on investments in the notes, has it indicated 1) that the calculation of realized gains and losses is independent of the calculation of the change in the fair value of investments, and 2) that realized gains and losses of the current period include unrealized amounts from prior periods? [GASB-S31: 15; 2012 GAAFR, page 352]

Explanation: If a pool separately displays realized gains and losses on the statement of changes in net position, it should include these same disclosures.

\_\_\_\_\_ 12.5 Do the notes disclose the legal and contractual provisions governing investments? [GASB-S3: 65-66; 2012 GAAFR, page 353]

Explanation: The system (pool) may disclose that it follows the prudent person rule.

*The notes should disclose material violations of these provisions. [GASB-S3: 66; 2012 GAAFR, page 353]*

*If the system (pool) is exposed to custodial credit risk for its investments evidenced by securities at year end because they are neither insured nor registered and they are held by either 1) the counterparty or 2) the counterparty's trust department or agent but not in the system's (pool's) name, the notes should disclose the amount of investments exposed to custodial credit risk, indicate that they are neither insured nor registered, and explain how they are exposed to custodial credit risk. [GASB-S40: 8-9; 2012 GAAFR, pages 354-8]*

Explanation: GAAP formerly required that the balance of investments evidenced by securities be categorized into three categories of custodial credit risk. SGAS 40 now requires only that the amount (if any) of uninsured and unregistered investments evidenced by securities that are held by either 1) the counterparty or 2) the counterparty's trust department or agent but not in the system's (pool's) name, be disclosed.

Yes No N/A

\_\_\_\_\_ 12.6 Has the system (pool) refrained from including any such investments that are not subject to custodial credit risk because they are *not* evidenced by securities? [GASB-S40: 9; 2012 GAAFR, pages 354-6]

Explanation: Investments that are evidenced by contracts rather than securities (and therefore not subject to custodial credit risk) include venture capital, limited partnerships, open-end mutual funds, participation in investment pools of other governments, real estate, direct investments in mortgages and other loans, annuity contracts, and guaranteed investment contracts.

*When a system's (pool's) investments are exposed to custodial credit risk, credit risk, concentration risk, interest rate risk, or foreign currency risk, the system's (pool's) policy regarding each such risk should be disclosed (or an indication should be made that the system (pool) does not have a policy regarding a risk to which it is exposed). [GASB-S40: 6; 2012 GAAFR, page 353]*

Explanation: A system (pool) generally should disclose the risks related to its deposits and investments for the system as a whole. However, disclosure by an individual fund would be necessary if risk exposure were significantly greater for this fund than for the system as a whole.

\_\_\_\_\_ 12.7 Do the notes disclose the credit ratings (or explain that credit ratings are not available) for investments in debt securities (other than debt issued by or explicitly guaranteed by the U.S. government), as well as for positions in external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities? [GASB-S40: 7; 2012 GAAFR, pages 353-4]

\_\_\_\_\_ 12.7a Do the notes use one of five approved methods (i.e., segmented time distribution, specific identification, weighted average maturity, duration, or simulation model) to disclose interest rate risk for positions in fixed-rate debt securities? [GASB-S40: 14-15; GASB-S 59:6; 2012 GAAFR, pages 359-60]

Explanation: The method selected for disclosing interest rate risk should be the one most consistent with how the system (pool) manages that risk. Further, when the system (pool) has a position in some type of pooling arrangement for investment purposes, the disclosure of interest rate risk only applies when the position is in a *debt* investment pool, such as a *bond* mutual fund or external *bond* investment pool, which does not meet the requirements to be reported as a 2a7-like pool.

*The notes should disclose any assumptions used in the disclosure of interest rate risk (e.g., timing of cash flows, interest rate changes, or other factors that affect interest rate risk). [GASB-S40: 15]*

*The notes should disclose the terms of any debt investment that cause its fair value to be highly sensitive to interest rate changes (e.g., coupon multipliers, benchmark indices, reset dates, embedded options). [GASB-S40: 16; 2012 GAAFR, page 360]*

*The system (pool) should disclose the value in U.S. dollars of any investments held at the end of the year denominated in a foreign currency. Separate disclosure is required for each separate currency denomination, as well as for each different type of investment within a currency denomination. [GASB-S40: 17; 2012 GAAFR, page 360]*

*A system (pool) should disclose concentrations of 5 percent or more of the system's (pool's) net investments in securities of a single organization (other than those issued or explicitly guaranteed by the U.S. government, as well as investments in mutual funds, external investment pools, and other pooled investments). [GASB-S40: 12d; 2012 GAAFR, page 358]*

Yes No N/A

*Losses on investments and subsequent recoveries should be disclosed if not visible in the financial statements themselves. [GASB-S3: 75; 2012 GAAFR, page 355]*

\_\_\_\_\_ P12.1 Do the notes include appropriate custodial credit risk disclosure for investments associated with securities lending arrangements that are exposed to custodial credit risk? [GASB-S40: 10]

Explanation: Custodial credit risk disclosure is required only for the amount of investments (if any) that is both uninsured and unregistered and held by either 1) the counterparty or 2) the counterparty's trust department or agent but not in the system's (pool's) name, as follows:

- *Arrangements involving letters of credit (or collateral that may not be pledged or sold absent a default). Custodial credit risk is a consideration only for the loaned securities themselves.*
- *Arrangements involving cash collateral (or collateral that may be pledged or sold absent a default). Custodial credit risk is a consideration for the collateral, but not for the loaned securities themselves.*

*The notes should disclose contingent liabilities. [GASB-S10: 58 (referenced in 64-5); 2012 GAAFR, page 388]*

*The notes should disclose any guarantees of indebtedness, even if the likelihood of loss is considered to be remote. [FASB-S5: 12; 2012 GAAFR, page 389]*

\_\_\_\_\_ 12.8 Do the notes disclose subsequent events? [GASB-S56: 8-10; NCGA-I6: 4d; 2012 GAAFR, page 389]

Explanation: There are two types of subsequent events: recognized and nonrecognized. Recognized subsequent events are those events that provide additional evidence with respect to conditions that existed at the date of the statement of net position and affect the estimates inherent in the process of preparing financial statements. These events require adjustments to the financial statements. Nonrecognized events are those events that provide evidence about conditions that did not exist at the date of the statement of net position but arose subsequent to that date. For example, the issuance of bonds, the creation of a new component unit, or the loss of a government facility as a result of a tornado, fire, or flood. Also, changes in quoted market prices of securities after year end are normally nonrecognized subsequent events because such changes normally result from an evaluation of new conditions arising after year end. Nonrecognized subsequent events require disclosure when their nature is such that they are essential to a user's understanding of the financial statements. It may also be necessary to include a discussion of subsequent events in the MD&A, depending on the facts and circumstances of the event. See italicized comment and explanation preceding checklist question 4.

\_\_\_\_\_ 12.9 Do the notes disclose material violations of finance-related legal and contractual provisions? [NCGA-I6: 4g; 2012 GAAFR, page 347]

\_\_\_\_\_ 12.9a If a violation is significant, do the notes identify actions that the system (pool) has taken to address the violation? [GASB-S38: 9; 2012 GAAFR, page 347]

\_\_\_\_\_ 12.15 If the system (pool) has significant commitments, do the notes disclose them? [NCGA-I6: 4j; 2012 GAAFR, page 372]

*If the system (pool) engaged in material related party transactions the notes should disclose:*

- *The nature of the relationship(s) involved? [GASB-S62:55a]*
- *A description of the transactions, including transactions to which no amounts or nominal amounts were ascribed, for each of the periods for which financial statements are presented, and such other information deemed necessary to gain an understanding of the effects of the transactions on the financial statements? [GASB-S62:55b]*
- *The dollar amounts of transactions for each of the periods for which financial statements are presented and the effects of any change in the method of establishing the terms from that used in the preceding period? [GASB-S62:55c]*

Yes No N/A

- *Amounts due from or to related parties as of the date of each statement of net position presented and, if not otherwise apparent, the terms and manner of settlement? [GASB-S62:55d]*

Examples of related party transactions include:

- *Borrowing or lending on an interest-free basis or at a rate of interest significantly different than rates in effect at the transaction date;*
- *Selling real estate at a price that differs significantly from its appraised value;*
- *Exchanging property for similar property in a nonmonetary transaction, or*
- *Making loans with no scheduled repayment terms.*

*If the system (pool) participated in a reverse repurchase agreement during the period, the notes should provide all of the disclosures required by GAAP. [GASB-S3: 63, 76-80; GASB-I3: 6; 2012 GAAFR, pages 364-5]*

Explanation: *The notes should disclose all of the following information regarding reverse repurchase agreements:*

- *The relevant legal or contractual provisions (disclosures for commitments to repurchase securities under yield maintenance agreements should include both the fair value as of the plan’s reporting date of the securities to be repurchased and a description of the terms of the agreements);*
- *Reverse repurchase agreements in force at the end of the period;*
- *The source of legal or contractual authorization;*
- *Whether the maturities of investments made with agreement proceeds generally match the maturities of the agreement, as well as the extent of such matching at the end of the fiscal period;*
- *Either 1) the fair value of the securities to be repurchased as of the end of the fiscal year and the terms of the agreement (for yield-maintenance type agreements) or 2) credit risk (for all other types of agreements). Credit risk is the difference between the aggregate amount of reverse repurchase agreement obligations (including accrued interest) and the fair value of the securities (including interest) underlying those agreements.*

*The notes should disclose any losses recognized during the period due to default and any amounts recovered from prior period losses (if not visible on the face of the financial statements). The notes also should disclose any significant violation of legal or contractual provisions.*

_____	_____	_____	P12.2	If the system (pool) participated in a securities lending arrangement during the period, do the notes disclose that fact? [GASB-S28: 11-15; 2012 GAAFR, pages 365-6] If so, do they disclose:
_____	_____	_____	P12.3	The source of legal or contractual authorization?
_____	_____	_____	P12.4	The types of securities on loan?
_____	_____	_____	P12.5	The types of collateral received?
_____	_____	_____	P12.6	Whether the system (pool) is able to pledge or sell collateral security without a default?
_____	_____	_____	P12.7	The amount by which collateral is to exceed the amount of securities?
_____	_____	_____	P12.8	The carrying amount and fair value of securities on loan?
_____	_____	_____	P12.9	Whether the maturities of the investments made with cash collateral generally match the maturities of securities loans and the extent of such matching as of the end of the fiscal year?
_____	_____	_____	P12.10	Credit risk or the absence of credit risk?

Yes No N/A

*The notes also should disclose 1) any significant violations of legal or contractual provisions, 2) any restrictions on the amount of securities that may be lent, and 3) any losses of the period resulting from default and any recoveries of prior period loss.*

*If loss indemnification is to be provided by agents, the notes should disclose this fact.*

\_\_\_\_\_ 12.37 If the system (pool) reports a prior-period adjustment or a change in accounting principle, do the notes explain the nature of the adjustment or change and the cumulative effect of the adjustment or change? [GASB-S62: 62; 2012 GAAFR, page 348]

Explanation: When financial statements for only a single period are presented, the disclosure should indicate the effects of such restatement on the balance of net position at the beginning of the period and on the change in net position of the immediately preceding period. When financial statements for more than one period are presented, the disclosure should include the effects for each of the periods included in the statements.

*The system (pool) should disclose if significant balances of receivables are not expected to be collected within one year of the end of the fiscal period. [GASB-S38: 13; 2012 GAAFR, page 366]*

\_\_\_\_\_ 12.41 Do the notes furnish information on the system (pool)'s investment derivative instruments? [GASB-S53: 68; 2012 GAAFR page 361]

\_\_\_\_\_ 12.41a Do the notes include a summary of investment derivative instrument activity during the reporting period and the balances at the end of the reporting period? [GASB-S53: 69] If so, does the summary include: [2012 GAAFR, pages 361-2

\_\_\_\_\_ 12.41a1 Notional amount. [2012 GAAFR, page 361]

\_\_\_\_\_ 12.41a2 Changes in fair value during the reporting period and the classification in the financial statements where those changes in fair value are reported. [2012 GAAFR, page 361]

\_\_\_\_\_ 12.41a3 Fair values as of the end of the reporting period and the classification in the financial statements where those fair values are reported. If investment derivative instrument fair values are based on other than quoted market prices, the methods and significant assumptions used to estimate those fair values should be disclosed. [2012 GAAFR, page 362]

Explanation: The disclosure of the above information may be in a columnar display, narrative form, or a combination of both.

\_\_\_\_\_ 12.41e Are investment derivative instruments reported as of the end of the fiscal year? [GASB-S53: 76; 2012 GAAFR, page 363] If so, do the disclosures include information about each of the following applicable risks:

Explanation: These disclosures should be presented in the context of an investment derivative instrument's risk.

\_\_\_\_\_ 12.41e1 Credit risk exposure consistent with the credit risk disclosures noted above for hedging derivative instruments in question 12.42b3a? [GASB-S53: 76a; 2012 GAAFR, page 363]

\_\_\_\_\_ 12.41e2 Interest rate risk exposure consistent with the disclosures required by GASB Statement No. 40, Deposit and Investment Risk Disclosures, paragraphs 14-16, that includes the fair value, notional amount, reference rate, and embedded options? [GASB-S53: 76b; 2012 GAAFR, page 363]

Yes	No	N/A		
_____	_____	_____	12.41e3	Foreign currency risk in accordance with GASB Statement No. 40, paragraph 17? [GASB-S53: 76c; 2012 GAAFR, page 363]
_____	_____	_____	12.41h	If Synthetic Guaranteed Investment Contracts (SGIC) exist as of the end of the reporting period that are fully benefit-responsive are all of the following disclosures made 1) a description of the nature of the SGIC and 2) the SGIC's fair value (including separate disclosure of the fair value of the wrap contract and the fair value of the corresponding underlying investments)? [GASB-S53: 79; 2012 GAAFR, page 364]
_____	_____	_____	12.43	Has the system (pool) refrained from negative disclosure? [2012 GAAFR, page 346]

Explanation: There generally is no need to disclose that a particular situation is *not* applicable to the system (pool). There are two exceptions to this basic rule:

- Situations where GAAP specifically require the disclosure of *whether* a given set of circumstances apply to the system (pool);
- Situations where the absence of a given set of circumstances is so unusual that the omission of a particular disclosure is likely to be viewed by financial statement users as an oversight.

***FINANCIAL SECTION – PENSION AND OTHER POSTEMPLOYMENT  
BENEFIT-RELATED NOTE DISCLOSURES  
(PENSION AND OTHER POSTEMPLOYMENT  
BENEFIT SYSTEMS ONLY)***

_____	_____	_____	13.1	If the system participates as an employer in a defined benefit plan, do the notes provide information on the arrangement? [GASB-S27: 20-1; GASB-S45: 24-5; GASB-S50: 7-8; 2012 GAAFR, pages 368-9]
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Explanation: The disclosure requirements for defined benefit pension plans in which the system participates as an employer are as follows:

- Plan description
  - The name of the plan
  - The name of the entity administering the plan
  - The identification of the plan as a 1) single-employer defined benefit plan, 2) an agent multiple-employer defined benefit plan, or 3) a cost-sharing multiple-employer defined benefit plan
  - The types of benefits offered by the plan and the authority for establishing and amending benefits
  - Information on how to obtain the separately issued plan report, if one is available
- Funding policy
  - The authority for establishing and amending the funding policy
  - If contributory, the required contribution rate(s) of active members
  - The employer's required contribution rate(s) in dollars or as a percentage of current-year covered payroll
  - Legal or contractual maximum contribution rates, if applicable
- For participation in a cost-sharing multiple-employer defined benefit plan
  - The required contributions stated in dollars for the current year and the two preceding years
  - How the contribution rate is determined
  - Actual contributions made as a percentage of required contributions for the current year and the two preceding years
  - If applicable, the fact that the plan uses pay-as-you-go funding
  - If the plan in which an employer participates does not issue and make publicly available a stand-alone plan financial report and the plan is not included in the financial report of another entity, the employer should present schedules of funding progress and employer contributions for the plan (and notes to these schedules). The employer should disclose that the information presented relates to the plan as a whole, and that the employer is only one participating

Yes No N/A

employer, and should provide information helpful for understanding the scale of the information presented relative to the employer

- For participation in a single-employer or agent multiple-employer defined benefit plan
  - Annual pension cost and contribution made (contributions expressed in dollars)
  - Annual pension cost and contributions made (contributions expressed as a percentage of pension cost) for the current year and the two preceding years
  - The determination of the contribution rate if it differs significantly from the actuarially determined annual required contribution (ARC)
  - If a net pension obligation (NPO)/net other postemployment benefit obligation (NOPEBO) is reported:
    - The three components of annual pension cost (i.e., the ARC, the interest on the NPO/NOPEBO, and the actuary's adjustment of the ARC based on the existence of the NPO/NOPEBO)
    - The increase or decrease in the NPO/NOPEBO for the year
    - The NPO/NOPEBO at the end of the current year and the two preceding years
  - The date of the actuarial valuation
  - The actuarial cost method (i.e., entry age, frozen entry age, attained age, frozen attained age, projected unit credit, or aggregate) [The use of the unprojected unit credit method also is acceptable for plans in which benefits already accumulated for years of service are not affected by future salary levels]
    - If the aggregate method is used, a statement that this method does not separately amortize unfunded actuarial accrued liabilities
  - The actuarial method used for valuing assets
  - The assumptions regarding the inflation rate, investment return, projected salary increases, and post-retirement benefit increases
  - The amortization method (i.e., level dollar or level percentage of payroll)
  - The amortization period (if more than one period is used, the equivalent single amortization period should be disclosed)
  - Whether the amortization period is open or closed
  - The data from the schedule of funding progress for the current year
  - That the schedule of funding progress, located following the notes, provides multi-year trend data to help determine whether net plans assets are increasing or decreasing over time
  - That benefits are projected based on benefit levels and cost-sharing arrangements as of the date of the valuation and do not explicitly reflect the potential effects of legal or contractual funding limitations
  - If applicable, the fact that the projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future
  - An explanation that data on funding progress is presented using the entry age actuarial method if the aggregate actuarial cost method is used by the plan

In addition to the disclosures identified above, the following disclosures should be included in the notes to the financial statements for OPEB plans:

- The assumption for the healthcare cost trend rate
- Provisions or policies regarding automatic or ad hoc postretirement benefit increases
- The fact that actuarial calculations reflect a long-term perspective
- If applicable, the fact that the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets

\_\_\_\_\_ 13.3 If the system participates as an employer in a defined contribution pension plan, do the notes provide all of the information on the arrangement required by GAAP? [GASB-S27: 27; GASB-S45: 29; 2012 GAAFR, page 371]

Explanation: The disclosure requirements for defined contribution pension plans in which the system participates as an employer are as follows:

- The name of the pension plan
- The name of the entity administering the pension plan
- The identification of the plan as a defined contribution plan
- A brief description of the plan's provisions and the authority for establishing and amending the plan's provisions

Yes No N/A

- The contribution amounts (either as a dollar amount or as a percentage of salary) for the employer, participating employees, and other contributors
- The authority for amending contribution requirements
- The contributions actually made by the employer and plan members

*If the system participates as an employer in an insured pension plan, the notes should 1) describe the plan, 2) state that the responsibility for making payments to employees has effectively been transferred to the insurer, 3) indicate whether the employer has guaranteed benefits in the event of default by the insurer, 4) disclose the amount of current-year pension cost, and 5) disclose contributions or premiums actually paid. [GASB-S27: 23; 2012 GAAFR, pages 371-2]*

*If the system is legally responsible for paying benefits on behalf of the employees of another entity, the notes should provide the same information required for a pension plan provided to the system's own employees. [GASB-S27: 28; 2012 GAAFR, page 407]*

_____	_____	_____	13.5	If the system reports one or more defined benefit plans, do the notes provide disclosures for the plan(s)? [GASB-S25: 32; GASB-S27: 20, note 15; GASB-S43: 30; Q&A 5.32.2; ] If so, do they:
_____	_____	_____	P13.1	<b>Include a plan description?</b>
_____	_____	_____	P13.2	<b>Identify the type(s) of benefit plan(s) (e.g., agent multiple-employer defined benefit plan)?</b>
_____	_____	_____	P13.3	<b>Identify the number of participating employers and other contributors?</b>
_____	_____	_____	P13.4	<b>Identify the classes of employees covered and current membership, including the number of retirees and others currently receiving benefits, terminated employees entitled to receive benefits in the future, and current active plan members?</b>  <i>A system should disclose if the plan is closed to new entrants.</i>
_____	_____	_____	P13.5	<b>Briefly describe benefit provisions and the authority for establishing or amending those benefits?</b>
_____	_____	_____	P13.6	<b>Include information on contributions and reserves?</b>
_____	_____	_____	P13.7	<b>In the case of a defined benefit plan, does this disclosure include legal or contractual maximum contribution rates, if applicable? [GASB-S43: 30c; GASB-S50: 4b]</b>
_____	_____	_____	P13.8	<b>Disclose the authority for establishing or amending the obligation to make contributions?</b>
_____	_____	_____	P13.9	<b>Disclose how contributions are determined (e.g., by statute) and how administrative costs are financed?</b>
_____	_____	_____	P13.10	<b>Disclose required contribution rates for active members of the plan?</b>  <i>A system should disclose the terms of long-term contracts for contributions and the amount outstanding as of the plan's reporting date.</i>

Yes No N/A

A system should disclose the balances in legally required reserves or designations as of the plan's reporting date, as well as the purpose and funded status of each reserve or designation.

\_\_\_\_\_ P13.11 If the system reports one or more defined benefit plan(s), do the notes provide disclosures for the funded status and funding progress of the plan(s) as of the most recent valuation date? [GASB-S 43: 30d; GASB-S50: 4c; 2012 GAAFR, pages 647-8]

Explanation: Plans that use the aggregate actuarial cost method to calculate the annual required contribution of the employer(s) (ARC) should prepare funded status information using the entry age actuarial cost method.

\_\_\_\_\_ P13.12 Do the notes disclose the actuarial valuation date?

Explanation: The actuarial valuation should be performed:

- At least biennially for OPEB plans with a total membership of 200 or more
- At least triennially for OPEB plans with fewer than 200 total members

Regardless of the option selected, the same date should be used for each actuarial valuation. However, a new valuation should be performed in any year in which a significant change occurred that affected the results of the prior valuation.

\_\_\_\_\_ P13.13 Do the notes disclose the actuarial value of assets?

Explanation: The *actuarial* value of plan assets may differ from the *accounting* value presented on the statement of plan net position.

\_\_\_\_\_ P13.14 Do the notes disclose the actuarial accrued liability? [GASB-TB2006-1:5]

Explanation: The actuarial accrued liability should be calculated using the same actuarial cost method used for funding purposes, except when the aggregate actuarial cost method is used. In this case, the disclosure should be prepared using the entry age actuarial cost method. Further, the actuarial accrued liability should not be reduced by payments that are expected from the federal government under the provisions of Medicare Part D.

\_\_\_\_\_ P13.15 Do the notes disclose the total unfunded actuarial accrued liability?

Explanation: UNFUNDED ACTUARIAL ACCRUED LIABILITY = ACTUARIAL ACCRUED LIABILITY – ACTUARIAL VALUE OF PLAN ASSETS. If the actuarial value of plan assets exceeds the actuarial accrued liability, this excess amount should be reported as a *funding excess*.

\_\_\_\_\_ P13.16 Do the notes disclose the funded ratio?

Explanation: FUNDED RATIO = ACTUARIAL VALUE OF ASSETS/ACTUARIAL ACCRUED LIABILITY [expressed as a percentage].

\_\_\_\_\_ P13.17 Do the notes disclose the annual covered payroll?

\_\_\_\_\_ P13.18 Do the notes disclose the ratio of the total unfunded actuarial accrued liability to annual covered payroll?

\_\_\_\_\_ P13.19 If the system reports one or more defined benefit plans(s), do the notes disclose the actuarial methods and significant assumptions used? [GASB-S43: 30d; GASB-S50: 4d; 2012 GAAFR, pages 648-9] If so, do the disclosures include:

\_\_\_\_\_ P13.20 The actuarial cost method?

Explanation: One of the following actuarial cost methods should be used: entry age, frozen entry age, attained age, frozen attained age, projected unit credit, or the aggregate actuarial cost method.

Yes No N/A  
 \_\_\_\_\_

P13.21 If the aggregate actuarial cost method is used, do the notes disclose that because this method does not identify or separately amortize unfunded actuarial accrued liabilities, the information for the plan's funded status and funding progress were prepared using the entry age actuarial cost method?

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P13.22 The method(s) used to determine the actuarial value of assets?

\_\_\_\_\_

P13.23 The assumed inflation rate?

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P13.24 The assumed investment return (discount rate) or, for a partially funded plan, the method used to determine a blended discount rate?

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P13.25 The assumed projected salary increases, if relevant to benefit levels?

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P13.26 If a healthcare benefit plan, the assumed healthcare cost trend rate?

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P13.27 The amortization method?

Explanation: Amortization may be calculated using either a level dollar or a level percentage of projected payroll approach.

\_\_\_\_\_

P13.28 The amortization period?

Explanation: The maximum acceptable amortization period is 30 years.

\_\_\_\_\_

P13.29 The selection of an open or closed amortization approach?

*If the economic assumptions for the benefit plan contemplate different rates for successive years (year-based or select and ultimate rates), the rates that should be disclosed are the initial and ultimate rates. [GASB-S43: 30d(2)(e); GASB-S50: 4d(3)(c)]*

\_\_\_\_\_

P13.30 A discussion of the fact that the required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time?

\_\_\_\_\_

P13.31 If applicable, a discussion of the fact that the projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future?

P13.32 Does the system report one or more defined benefit OPEB plans(s)? [GASB-S43: 30d; 2012 GAAFR, pages 648-9] If so, do the disclosures include:

\_\_\_\_\_

P13.33 A discussion of the fact that actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and that actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future?

\_\_\_\_\_

P13.34 A discussion of the fact that calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point?

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P13.35 A discussion of the fact that actuarial calculations reflect a long-term perspective?

Yes No N/A

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P13.36

If applicable, a discussion of the fact that the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in the actuarial accrued liabilities and the actuarial value of assets?

\_\_\_\_\_

P13.37

Does the OPEB plan qualify for and has it elected to use the alternative measurement method? [GASB-S43: 38-39] If so, do the notes disclose:

Explanation: To qualify to use the alternative measurement approach, a single-employer defined benefit OPEB plan must have fewer than one hundred total plan members. In the case of an agent multiple-employer defined benefit OPEB plan an individual-employer government must have fewer than one hundred total plan members for its particular OPEB plan.

In the agent multiple-employer OPEB plan report it is necessary to provide actuarial information for the plan as a whole. When some agent employer governments use the alternative measurement method, the agent multiple-employer OPEB plan can obtain the information it needs by aggregating the individual employer OPEB plan information regardless of whether it was determined by actuarial valuations or measurements using the alternative measurement method (provided the individual plan is eligible to use the alternative measurement method). If the agent multiple-employer OPEB plan obtains the overall plan information by aggregating information prepared by some individual-employer governments through an actuarial valuation and prepared by others using the alternative measurement method it must follow special rules. In such cases, the individual agent-employer government using the alternative measurement must provide information to the agent multiple-employer defined benefit OPEB plan as frequently as is required for that agent OPEB plan and as of the same actuarial valuation date used by that agent OPEB plan.

While this method does not require the services of an actuary, it does include the same essential elements as those used in an actuarial valuation:

- Projection of future benefits,
- Calculation of the present value of future benefit payments,
- Allocation of the present value of future benefit payments to operations in a systematic and rational manner.

The essential difference between the alternative approach and an actuarial valuation is that the alternate approach allows financial statement preparers to use certain simplifying assumptions to project benefits.

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P13.38

The source or basis of all significant assumptions or methods used to apply the method?

## ***FINANCIAL SECTION – RSI (PENSION AND OTHER POSTEMPLOYMENT BENEFIT SYSTEMS ONLY)***

\_\_\_\_\_

14.1\*

Is all RSI, other than MD&A, located immediately following the notes to the financial statements? [GASB-S34: 6c; 2012 GAAFR, page 577]

\_\_\_\_\_

14.4

Has the system provided a schedule of funding progress with information for 1) the last six consecutive fiscal years for all pension plans and 2) the last three actuarial valuations for all OPEB plans? [GASB-S25: 34, 37; GASB-S43: 35; GASB-TB2006-1: 5; GASB-S50: 6; 2012 GAAFR, page 581]

Explanation: When the aggregate method is used for funding purposes, a schedule of funding progress must be presented using the entry age actuarial cost method. This requirement is effective for pension plans for the first actuarial valuation. Also, for OPEB plans, the actuarial accrued liability should not be reduced by payments that are expected from the federal government under the provisions of Medicare Part D.

\_\_\_\_\_

14.4a

Does the schedule disclose the actuarial valuation date?

Yes No N/A

Explanation: In the case of defined benefit pension plans, the actuarial valuation should be performed at least biennially and should generally be performed the same date each year or biennium. A new valuation should be performed if significant changes have occurred since the previous valuation.

In the case of defined benefit OPEB plans, the actuarial valuation should be performed:

- At least biennially for plans with a total membership of 200 or more,
- At least triennially for plans with fewer than 200 members.

Regardless of the option selected, the same date should generally be used for each actuarial valuation. As with pension plans, a new valuation should be performed in any year in which a significant change occurred that affected the results of the prior valuation.

\_\_\_\_\_ 14.4b Does the schedule disclose the actuarial value of plan assets?

Explanation: This would be the valuation used for actuarial purposes, which usually is a smoothed average value, and thus would differ from the point-in-time fair value reported on the statement of plan net position.

\_\_\_\_\_ 14.4c Does the schedule disclose the actuarial accrued liability?

Explanation: When a pension plan presents the Schedule of funding progress, the actuarial accrued liability should be calculated using the same actuarial cost method used for funding purposes. This is also true for OPEB plans, except when the aggregate actuarial cost is used for funding purposes. In this case, the schedule must still be presented, but it should be prepared using the entry age actuarial cost method.

\_\_\_\_\_ 14.4d Does the schedule disclose the total unfunded actuarial accrued liability?

Explanation:  $\text{UNFUNDED ACTUARIAL ACCRUED LIABILITY} = \text{ACTUARIAL ACCRUED LIABILITY} - \text{ACTUARIAL VALUE OF PLAN ASSETS}$ . If the actuarial value of plan assets exceeds the actuarial accrued liability, this excess amount should be reported as a *funding excess*.

\_\_\_\_\_ 14.4e Does the schedule disclose the funded ratio?

Explanation:  $\text{FUNDED RATIO} = \text{ACTUARIAL VALUE OF ASSETS} / \text{ACTUARIAL ACCRUED LIABILITY}$  [expressed as a percentage].

\_\_\_\_\_ 14.4f Does the schedule disclose annual covered payroll?

\_\_\_\_\_ 14.4g Does the schedule disclose the ratio of the total unfunded actuarial accrued liability to annual covered payroll?

\_\_\_\_\_ P14.1\* Does the system present a schedule of employer contributions with information for 1) the last six consecutive fiscal years for all pension plans and 2) the last three actuarial valuations for all OPEB plans, regardless of the actuarial cost method used? [GASB-S25: 38; GASB-S43: 36; GASB-TB2006-1: 5; 2012 GAAFR, page 650]

Explanation: The schedule of employer contributions, like the schedule of funding progress, must present data for each of the three most recent actuarial valuations. In the case of biennial or triennial valuations, data should be presented for each year of the biennium or triennium, because employer contributions may change from one year to the next.

A government that provides prescription drug coverage to retirees (i.e., OPEB benefits) and is able to obtain payments, either directly or indirectly, from the federal government under Medicare Part D should report this activity on a gross basis. Accordingly, the annual required contribution of the employer government is not reduced by such amounts.

\_\_\_\_\_ P14.2 Does the schedule include the dollar amount of the annual required contribution for each of the last six fiscal years?

Explanation: See explanation to P14.1.

Yes No N/A

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P14.3

Does the schedule include the percentage of the annual required contribution that was recognized as contributions from employer(s) in the pension plan’s statement of changes in plan net position for each of the last six years?

Explanation: When the plan’s funding policy includes contributions from sources other than plan members and employer(s), the required contributions of the other contributing entities and the percentage of those contributions actually made should be included in the schedule of employer contributions. In that case, the schedule should be titled “Schedule of Contributions from Employer(s) and Other Contributing Entities.”

When an OPEB plan directly received payments from the federal government under Medicare Part D, the schedule of employer contributions should be adjusted as described above. In addition, the OPEB plan can take either of the following approaches to present the percentage of the annual required contribution that was recognized as contributions from employer(s):

- Present a single column that provides the combined percentage of contributions from the employer(s) and contributions from the federal government under Medicare Part D, or
- Present separate columns that provide the percentages of the annual required contribution made by the employer(s) and the contributions from the federal government under Medicare Part D (i.e., the on-behalf payments that were made for the employers).

In the latter case, the OPEB plan may also present an additional column that provides the combined percentage of the contributions.

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P14.4

For both defined benefit pension and OPEB plans, do disclosures that discuss factors that significantly affect the identification of trends in the amounts reported in the required schedules accompany the schedules presented as required supplementary information, if applicable? [2012 GAAFR, page 651]

Explanation: The letter of transmittal, MD&A, or actuarial section may indicate changes that should be disclosed in the notes to the required supplementary information. Such factors may include, but are not limited to, the following: changes in benefit provisions, the size or composition of the population covered by the plan, and the actuarial methods and assumptions used.

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14.8

Has the system refrained from including information as required supplementary information that the authoritative accounting literature does not designate as such? [2012 GAAFR, page 577]

**FINANCIAL SECTION – SUPPLEMENTARY INFORMATION  
(PENSION AND OTHER POSTEMPLOYMENT  
BENEFIT SYSTEMS ONLY)**

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P15.1

Has the system included a schedule of administrative expenses as supplementary data to the basic financial statements? [2012 GAAFR, page 651]

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P15.2

Has the system included a schedule of investment expenses as supplementary data to the basic financial statements? [2012 GAAFR, page 651]

Explanation: In the case of securities lending transactions, management fees should be reported separately from rebated amounts.

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P15.3

Has the system included a schedule of payments to consultants for fees paid to outside professionals other than investment advisors? [2012 GAAFR, page 651336]

Explanation: This schedule is used to provide information on fees paid to outside professionals other than investment advisors (e.g., actuaries, auditors, legal counsel, benefit consultants) and may be itemized by individual or firm. It should refer readers to the investment section of the CAFR for fees paid to investment professionals. If it is not feasible to provide the detail by individual or firm, consideration should be given to providing the total amount for each type of service (e.g., actuarial, legal).

Yes No N/A

\_\_\_\_ \_\_\_\_ \_\_\_\_ P15.4 Do the amounts presented on any of these supporting schedules agree with the related amounts in the basic financial statements?

## ***INVESTMENT SECTION***

\_\_\_\_ \_\_\_\_ \_\_\_\_ P16.1\* Does the report contain an investment section? [2012 GAAFR, pages 652 and 696-7]

\_\_\_\_ \_\_\_\_ \_\_\_\_ P16.2\* Does the investment section contain a report on investment activities? [2012 GAAFR, pages 652 and 697]

\_\_\_\_ \_\_\_\_ \_\_\_\_ P16.3 Is the report prepared by the investment consultant or by an individual inside the system with responsibility for overseeing the system's (pool's) investments? [2012 GAAFR, page 652 and 697]

\_\_\_\_ \_\_\_\_ \_\_\_\_ P16.4 Does the report indicate the basis of presentation for the data reported in the investment section? [2012 GAAFR, pages 652 and 697]

\_\_\_\_ \_\_\_\_ \_\_\_\_ P16.5 Does the report discuss the system's (pool's) investment objectives? [2012 GAAFR, pages 652 and 697]

Explanation: Pension plans (pools) are strongly encouraged to present rates of return using a time-weighted rate of return methodology based upon market values. Note that any reference to a specific set of standards (e.g., the CFA Institute's Global Investment Performance Standards [GIPS]) should only be made in strict conformity with the guidelines set by the establishing organization.

\_\_\_\_ \_\_\_\_ \_\_\_\_ P16.6 Does the investment section contain a brief outline of the system's (pool's) investment policies? [2012 GAAFR, page 652 and 697]

\_\_\_\_ \_\_\_\_ \_\_\_\_ P16.7 Does the investment section contain a schedule of investment results? [2012 GAAFR, page 652 and 697]

\_\_\_\_ \_\_\_\_ \_\_\_\_ P16.8 Does the schedule present the rate of return for each major category of investments and for the portfolio as a whole? [2012 GAAFR, pages 652 and 697]

\_\_\_\_ \_\_\_\_ \_\_\_\_ P16.9 Does the schedule include, at a minimum, the rate of return for the latest 12 months, along with annualized rates of return for the preceding 3-year and 5-year periods? [2012 GAAFR, pages 652 and 697]

\_\_\_\_ \_\_\_\_ \_\_\_\_ P16.10 Does the schedule present appropriate benchmark indices for each major category of investments? [2012 GAAFR, pages 652 and 697]

Explanation: Following are examples of benchmark indices that are commonly used for several investment types:

- Barclays for fixed income securities
- Russell Investments for domestic and international equities
- MSCI for international equities
- NCREIF for real estate investments

\_\_\_\_ \_\_\_\_ \_\_\_\_ P16.11 Does the schedule indicate the basis for the calculations (e.g., a time-weighted rate of return based on the market rate of return)? [2012 GAAFR, pages 652 and 697]

\_\_\_\_ \_\_\_\_ \_\_\_\_ P16.12 Does the investment section include information on asset allocation? [2012 GAAFR, page 652-3 and 697-8]

Yes No N/A

Explanation: Any effective means of presentation is acceptable (e.g., pie chart, narrative description).

_____	_____	_____	P16.13	If the asset allocation changed significantly during the period does the schedule include information about the prior asset allocation? [2012 GAAFR, pages 652-3 and 697-8]
_____	_____	_____	P16.14	Does the investment section include a list of the portfolio's largest holdings and inform readers of the availability of a complete list of the portfolio holdings? [2012 GAAFR, pages 653 and 698]
_____	_____	_____	P16.15	Does the investment section include a schedule of fees and commissions? [2012 GAAFR, pages 653 and 698]
_____	_____	_____	P16.16	Are fees reported by category along with an indication of the related amount of assets under management? [2012 GAAFR, pages 653 and 698]
_____	_____	_____	P16.17	For commissions, does the schedule include the 1) amount of commissions, 2) number of shares traded, and 3) commission per share? [2012 GAAFR, pages 653 and 698]

Explanation: Information on commissions should be provided both by individual firm and in total. However, in practice the presentation is sometimes done in the aggregate or at some other level of detail.

*The system (pool) should disclose any commission recapture arrangements, directed payments to third parties, or similar arrangements. [2012 GAAFR, pages 653 and 698]*

_____	_____	_____	P16.18	Does the investment section include an investment summary that reports the fair value and the percent of the portfolio's total fair value for each major type of investment? [2012 GAAFR, pages 653 and 698]
_____	_____	_____	P16.19	Do the amounts reported in the investment section agree with the related amounts in the financial section?

## **ACTUARIAL SECTION (PENSION AND OTHER POSTEMPLOYMENT BENEFIT SYSTEMS ONLY)**

_____	_____	_____	P17.1*	Does the report contain an actuarial section? [2012 GAAFR, page 654]
_____	_____	_____	P17.2*	Does the actuarial section contain an actuary's certification letter? [2012 GAAFR, pages 654] If so, does it include:
_____	_____	_____	P17.3	The funding objective of the plan?
_____	_____	_____	P17.4	Progress toward achieving the funding objective (if not yet realized)?
_____	_____	_____	P17.5	The frequency of the plan's actuarial valuations and the date of the most recent actuarial valuation?
_____	_____	_____	P17.6	The extent to which the actuary relied on information provided by the plan's administrative staff and, when applicable, a specific statement that the information was certified by the plan's auditor?
_____	_____	_____	P17.7	The extent to which the actuary conducted an examination of the plan information for reasonableness?

Yes No N/A

_____	_____	_____	P17.8	The extent of the actuary's responsibility for the trend data schedules presented in the financial section of the CAFR?
_____	_____	_____	P17.9	Other information needed for the full and fair disclosure of the actuarial condition of the plan with a special reference to any particularly relevant supporting schedules?
_____	_____	_____	P17.10	A list of the supporting schedules in the actuarial section which were prepared by the actuary?
_____	_____	_____	P17.11	A statement that the assumptions and methods used for funding purposes meet the parameters set by accounting principles in the United States of America as promulgated by the GASB (or if not, a description of how they depart from those principles)?
_____	_____	_____	P17.12	Is the certification letter on the actuary's letterhead, dated, signed by the actuary primarily responsible for the valuation, and include the relevant professional designations, as appropriate? [2012 GAAFR, page 654]
_____	_____	_____	P17.13	Does the actuarial section include a summary of actuarial assumptions and methods? If so, does it include: [2012 GAAFR, pages 655-6]:
_____	_____	_____	P17.14	The investment return rate?
_____	_____	_____	P17.15	The method used to value plan assets for actuarial valuation purposes?

Explanation: If a value other than fair value is used, the actuary should explain the alternate method.

_____	_____	_____	P17.16	Whether the actuarial assumptions and methods in the supporting schedules were selected by the actuary, specified by the administrative governing body of the plan, with or without the recommendation of the actuary, specified by state or local law, or other?
_____	_____	_____	P17.17	The mortality table used for postretirement mortality?

Explanation: This table should specify any sex differential.

_____	_____	_____	P17.18	The assumed retirement age, if a single age is used, or the probabilities of retirement for sample ages, if a retirement pattern is used?
_____	_____	_____	P17.19	The probabilities of withdrawal from active service (including death) before age and service requirements have been met (for sample ages)?
_____	_____	_____	P17.20	The pay increase assumption(s), including the portion of assumed salary increase, if any, attributable to the effects of inflation; the percentage (if a single percentage is used); or the assumed increase in salary for sample ages (if a salary scale is used)?
_____	_____	_____	P17.21	If applicable, the extent to which total active member payroll is expected to increase as a result of inflation?

Explanation: For financial reporting purposes, GASB-S25 does not permit the use of a growth rate assumption that reflects an increase in the number of active plan members. If, however, such an assumption is used for funding purposes, it should be disclosed.

_____	_____	_____	P17.22	The actuarial method used, with specific mention of the treatment of actuarial gains and losses?
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Yes No N/A

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P17.23

If applicable, the extent to which benefits are expected to increase as a result of cost-of-living adjustments?

\_\_\_\_\_

P17.24

The date(s) of adoption of the items discussed in questions P17.14 through P17.23?

\_\_\_\_\_

P17.25

The date of the last study of the plan's actual experience and an indication of which assumptions used for the most recent actuarial valuation were based on that study and the basis for the actuarial assumptions that were not based on that study?

\_\_\_\_\_

P17.26

Recent changes, if any, in the nature of the plan, the actuarial assumptions, the actuarial method, or the actuary retained?

\_\_\_\_\_

P17.27

Any other specific assumptions that have a material impact on the actuarial valuation results?

\_\_\_\_\_

P17.28

Does the actuarial section contain a schedule of active member valuation data for the six most recent years)? [2012 GAAFR, page 656]

\_\_\_\_\_

P17.29

Does the actuarial section contain a schedule of retirants and beneficiaries added to and removed from rolls for the six most recent years? [2012 GAAFR, page 656]

Explanation: The schedule should include both the number of retirants and beneficiaries and the related dollar amounts.

\_\_\_\_\_

P17.30

Does the actuarial section include the solvency test for the six most recent years)? [2012 GAAFR, page 656-7]

Explanation: The solvency test compares aggregate actuarial liabilities by various categories with the plan's present assets. The aggregate actuarial cost method does not identify actuarial liabilities. Accordingly, when a pension plan uses that method for its actuarial valuation, the solvency test is not presented.

When presented, the solvency test should use the actuarial value of plan assets for the comparison to the aggregate actuarial liabilities by category.

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P17.31

Does the actuarial section include an analysis of financial experience? [2012 GAAFR, page 657]

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P17.32

Does the actuarial section include a statement from an independent actuary if an actuarial review/audit was performed relating to the current fiscal year? [2012 GAAFR, page 657]

Explanation: The actuary performing a valuation may be a member of the plan's own staff or may be an independent actuary. If the actuary is a member of the plan's own staff, it is highly recommended that the plan arrange for an independent actuary, who is not a member of the plan's staff, to periodically conduct an actuarial review. If there was such a review relating to the current period, a statement from the reviewing actuary should be included in the plan's report.

In cases where the plan engages an independent actuary to perform the valuation, the plan sometimes arranges for another actuary to perform an actuarial review or an actuarial audit. If there was such a review/audit relating to the current period, an abbreviated version of the actuary's report should be included in the actuarial section of the CAFR.

\_\_\_\_\_

P17.33

Do amounts reported in the actuarial section agree with related amounts in the financial and investment sections?

Yes No N/A

## STATISTICAL SECTION

_____	_____	_____	18.1*	Does the report include a statistical section? [NCGA-S1: 138-139] If so:
_____	_____	_____	P18.1	Does the statistical section present the changes in net position? [GASB-S44: 10-11; 2012 GAAFR, page 657] If so:
_____	_____	_____	P18.2	Does the schedule include additions by source?
_____	_____	_____	P18.3	Does the schedule present deductions from plan (pool) net position by type?
_____	_____	_____	P18.4	When applicable, are benefits presented by type (e.g., age and service benefits, disability benefits) for each individual pension and OPEB plan?
_____	_____	_____	P18.5	When applicable, are refunds presented by type (e.g., death, separation) for each individual pension and OPEB plan?
_____	_____	_____	P18.6	Does the statistical section include information about the total change in net position?
_____	_____	_____	P18.7	Does the statistical section present a schedule for the current year of retired members by type of benefit for each individual pension and OPEB plan? [GASB-S44: 39; 2012 GAAFR, page 658] If so, does the schedule include:
_____	_____	_____	P18.8	The number of retired members organized by ranges of benefit levels?
_____	_____	_____	P18.9	The major features of the plans?
Explanation: Information about the plans' major features would typically include the following:				
<ul style="list-style-type: none"><li>• The types of retirement benefits (e.g., normal retirement, disability retirement, beneficiary payment),</li><li>• The types of OPEB (e.g., health insurance, dental coverage, life insurance),</li><li>• Other plan options (e.g., various provisions for payments to beneficiaries).</li></ul>				
_____	_____	_____	P18.10	Does the statistical section present a schedule of the average benefit payment amounts for each individual pension and OPEB plan? [GASB-S44: 39; 2012 GAAFR, page 658]
_____	_____	_____	P18.11	Does the schedule include the average monthly benefit?
_____	_____	_____	P18.12	Does the schedule include the average final average salary?
_____	_____	_____	P18.13	Does the schedule include the number of retired members?
_____	_____	_____	P18.14	Does the schedule organize all of the information by years of credited service and present the data in five-year increments?
_____	_____	_____	P18.15	For multiple-employer plans only, does the statistical section present a schedule of participating employers for each individual pension or OPEB plan? [GASB-S44: 39; Q&A 9.38.4; 2012 GAAFR, page 658]

Explanation: The schedule should list the ten employers with the most covered employees unless fewer than ten are needed to reach 50 percent of the total covered employees of the plan.

_____	_____	_____	P18.16	Does the schedule include the numbered of covered employees for each employer?
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Yes No N/A

_____	_____	_____	P18.17	Does the schedule include the percentage of the total covered employees for each employer?
_____	_____	_____	P18.18	Does the schedule include information for the current fiscal period and the fiscal period ended nine years prior?
_____	_____	_____	18.1q	Does the statistical section discuss the methods used to produce the information it contains, as well as any significant assumptions that were made in the preparation of the information? [GASB-S44: 41; 2012 GAAFR, page 634]
_____	_____	_____	18.1r	Does the statistical section include appropriate analytical and educational explanations? [GASB-S44: 42; 2012 GAAFR, page 634]

Explanation: Any narrative provided should serve to enhance the understandability of the data included in the statistical section. Preparers must exercise professional judgment to determine whether and to what extent such discussion should be included. Generally, the following four types of information are appropriate in the statistical section:

- Explanations of the objectives of statistical section information in general as well as individual schedules;
- Explanations of basic concepts that may be unfamiliar to financial report users;
- Explanations that identify relationships among the information in various statistical section schedules, as well as between the statistical section and information in other sections of the financial report;
- Explanations of atypical trends and anomalous data that the financial report users would not otherwise understand. Such trends and data may result from infrequent incidents, changes in underlying assumptions or accounting methods, organizational restructuring, major policy changes, or other events.

_____	_____	_____	18.1u	If the government has presented less than ten years of data on a statistical table that normally requires ten years of data, is the reason for this exception disclosed?
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_____	_____	_____	P18.19	Do the amounts reported in the statistical tables agree with related amounts reported in the financial, actuarial, and investment sections?
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## ***OTHER CONSIDERATIONS***

_____	_____	_____	19.1	Is the report free of inconsistencies? (If not, please specify.)
_____	_____	_____	19.2*	If the system (pool) participated in the Certificate of Achievement for Excellence in Financial Reporting Program in the immediately preceding fiscal year, has the system (pool) adequately remedied or otherwise responded to the comments and suggestions generated by the previous review? (If not, please specify.)